

## Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00  
FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02  
OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15  
STR-04 CEA-01 AGRE-00 /080 W  
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P 311426Z AUG 77

FM AMEMBASSY LISBON

TO SECSTATE WASHDC PRIORITY 2868

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DEPT. PASS TREASURY FOR SYVRUD

E.O. 11652: N/A

TAGS: ECON, EFIN, PO

SUBJ: BALANCE OF PAYMENTS AND OTHER ECONOMIC INDICATORS

1. THE FOLLOWING IS BANK OF PORTUGAL ESTIMATE FOR FIRST HALF  
OF 1977 BALANCE OF PAYMENTS RESULTS (BILLIONS OF ESCUDOS):

	FIRST HALF			PERCENT	
	A	B	C	CHANGE	
	1976	1976	1977	B/C	
1. TRADE BALANCE	-63.30	-26.80	-40.41	50.8	
IMPORTS F.O.B.	118.11	53.19	76.00	42.9	
EXPORTS F.O.B.	54.81	26.39	35.59	34.9	
2. SERVICES	-3.17	-3.36	-3.43	2.1	
TOURISM	5.62	0.87	3.62	316.1	
DEBIT	-4.41	-1.83	-2.15	17.5	
CREDIT	10.02	2.70	5.77	113.7	
TRANSPORTATION	-5.14	-2.42	-2.13	-12.0	
DEBIT	-9.84	-4.45	-5.75	29.2	
CREDIT	4.70	2.03	3.62	78.3	
INVESTMENT INCOME	-4.02	-1.83	-3.27	78.7	

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DEBIT	-4.91	-2.28	-3.83	68.0
CREDIT	0.89	0.45	0.56	24.4
OTHER	0.37	0.02	-1.65	-

3. PRIVATE TRANSFERS, 29.40 11.23 19.31 72.

NET OF WHICH: EMIGRANT

REMITTAN

REMITTANCES (27.62) (10.95) (19.82) (81)

4. CURRENT ACCOUNT BALANCE-37.07 -18.92 -24.53 29.7

5. MEDIUM AND LONG-TERM

CAPITAL MOVEMENTS 0.36 -1.32 -3.31 150.8

PRIVATE SECTOR 0.84 -1.15 -3.31 187.8

PUBLIC SECTOR -0.49 -0.17 N.A. -

6. BASIC BALANCE -36.71 -20.24 -27.84 37.6

7. SHORT-TERM CAPITAL,

ERRORS AND OMISSIONS 7.33 -2.00 -

) 8.09

8. CHANGE IN COMMERCIAL )

)

BANK'S POSITION, NET -0.13 0.07

9. BALANCE ON OFFICIAL

SETTLEMENTS -29.51 -22.17 -19.75 -10.1

10. EXTERNAL CREDITS TO

BANK OF PORTUGAL 20.62 13.65 14.32 4.9

11. USE OF IMF CREDIT 5.30 3.30 1.91 -42.1

12. CHANGE IN OFFICIAL

RESERVES (INCREASE -) 3.59 5.22 3.52 -32.6

2. FOREGOING DATA INDICATE CONTINUED DETERIORATION IN BASIC BALANCE DURING FIRST HALF OF 1977 WAS PARTIALLY OFFSET BY INCREASED USE OF SHORT-TERM CREDITS, ESPECIALLY FOR IMPORTS. DETERIORATION DUE PRIMARILY TO SUBSTANTIAL RISE IN MERCHANDISE DEFICIT, AT LEAST PART OF WHICH UNDOUBTEDLY STEM FROM SPECULATIVE IMPORTS, AND APPARENTLY LIMITED OFFICIAL USE

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GREATER OUTFLOW OF MEDIUM/LONG-TERM CAPITAL. (UNFORTUNATELY DATA ON PUBLIC SECTOR MEDIUM/LONG-TERM CAPITAL MOVEMENTS NOT YET AVAILABLE.) LARGE INCREASE IN TOURISM RECEIPTS AND EMIGRANT REMITTANCES HELPED CONSTRAIN CURRENT ACCOUNT DEFICIT. GROSS TOURISM REVENUE REACHED 5.77 BILLION ESCUDOS DURING JANUARY/JUNE 1977, UP 113.7 PERCENT (CURRENT TERMS) OVER SAME PERIOD 1976. DATA FOR SUBSEQUENT PERIODS NOT AVAILABLE, BUT BANK OPERATIONS INDICATE THAT THIS MAGNITUDE OF INCREASE CONTINUING THROUGH THE SUMMER SEASON. EMIGRANT REMITTANCES THROUGH JUNE REACHED 19.8 BILLION ESCUDOS, UP 81 PERCENT. PRELIMINARY DATA SHOW THAT TOTAL REACHED 24.9 BILLION ESCUDOS IN JULY, OR A RISE OF 78 PERCENT OVER 1976. JULY RESULTS SUGGEST THAT RATE OF INCREASE MAY HAVE SLACKENED SLIGHTLY, PERHAPS IN ANTICIPATION OF ESCUDO DEVALUATION.

3. PRODUCTION: IN HIS AUGUST 25 TELEVISION PRESENTATION PM SOARES STATED THAT DURING FIRST HALF OF 1977, COMPARED WITH SAME PERIOD OF 1976, INDUSTRIAL OUTPUT WAS UP 10 PERCENT, CIVIL CONSTRUCTION UP 12 PERCENT, AND ENERGY PRODUCTION UP 11 PERCENT. OVERALL GNP, HE CLAIMED, ROSE 7.5 PERCENT. EMBASSY SUSPECTS ESTIMATED 7.5 PERCENT GROWTH IN GNP MAY BE OVERLY

OPTIMISTIC, ESPECIALLY GIVEN DISASTROUS AGRICULTURAL PERFORMANCE AND APPARENT PERSISTENT LOW LEVEL OF INVESTMENT.

4. PRICES: JULY FIGURES INDICATE THAT ACCELERATION OF PRICE INCREASE, SO EVIDENT EARLIER THIS YEAR, MAY HAVE SUBSIDED. CONSUMER PRICE INDEX FOR CONTINENTAL PORTUGAL, WITH AVERAGE 1976 EQUAL TO 100, HAS MOVED AS FOLLOWS (GLOBAL INDEX STILL NOT AVAILABLE) IN 1977:

	JAN.	MARCH	MAY	JULY
FOOD & BEVERAGES	111.0	129.5	136.1	133.5
CLOTHING	109.3	115.2	115.6	115.6#
HOUSEHOLD EXPENDITURES	106.8	118.7	124.4	124.4#

# THESE FIGURES, WHICH ARE AVERAGES OF PREVIOUS THREE MONTHS, WILL BE SUBSEQUENTLY REVISED.

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## Message Attributes

**Automatic Decaptoning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** BALANCE OF PAYMENTS, ECONOMIC DATA, ECONOMIC REPORTS  
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**Copy:** SINGLE  
**Sent Date:** 31-Aug-1977 12:00:00 am  
**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977LISBON06769  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
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**Office:** ACTION EB  
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**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
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**Previous Handling Restrictions:** n/a  
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**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
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**Status:** NATIVE  
**Subject:** BALANCE OF PAYMENTS AND OTHER ECONOMIC INDICATORS  
**TAGS:** ECON, EFIN, PO  
**To:** STATE  
**Type:** TE  
**vdkvgwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/df87fa56-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
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